

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 135373
ORIGIN EA-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 XMB-02 JUSE-00 /128 R

DRAFTED BY EA/ROC:WALUNDY/DOC/OITP:BASTEINBOCK:SJP
APPROVED BY STR:SLANDE
DOC/OCA/FED:NBRADSHAW (DRAFT)
STR:SO'LEARY (DRAFT)
USDA/FAS:FGEERKEN (DRAFT)
LABOR:HFIEKOWSKY (DRAFT)
EB/OT/GCP:JSLATTERY (DRAFT)
EA/ROC:DGBROWN (DRAFT)

-----001234 271027Z /14

R 262243Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI
INFO USMISSION GENEVA

LIMITED OFFICIAL USE STATE 135373

GENEVA FOR MTN

E.O. 11652: N/A

TAGS: ETRD, MTN, TW

SUBJECT: US/ROC TRADE NEGOTIATIONS: FIRST ROUND

1. MAY 22-23 US/ROC TRADE NEGOTIATIONS TOOK PLACE IN
VERY FRIENDLY ATMOSPHERE WITH BOTH SIDES TREATING FIRST
ROUND OF TALKS AS BEING MAINLY AIMED AT OBTAINING AS MUCH
INFORMATION AS POSSIBLE NEEDED TO PREPARE FOR SERIOUS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 135373

BARGAINING DURING SECOND ROUND.

2. ROC VICE MINISTER OF ECONOMIC AFFAIRS, Y. T. WONG,
WHO HEADED ROC DELEGATION, STRESSED AT OUTSET OF TALKS
GREAT IMPORTANCE GROC ATTACHES TO REACHING AN AGREEMENT
SATISFACTORY TO BOTH SIDES. HE ALSO POINTED OUT
NEGOTIATIONS HAVE RECEIVED CONSIDERABLE PUBLIC AND PRESS

ATTENTION IN THE ROC. HE ACKNOWLEDGED THAT ROC HAD FOLLOWED PROTECTIONIST POLICIES IN PAST, BUT ADDED THE ROC GOVERNMENT IS NOW COMMITTED TO MOVING TOWARD MORE LIBERAL TRADE POLICY WITHIN FRAMEWORK OF ROC STATUS AS ONE OF MORE ADVANCED DEVELOPING COUNTRIES. ROC CITED TRADE LIBERALIZATION MEASURES IT HAD TAKEN IN PAST FEW YEARS AND GAVE U.S. DEL COPY OF PAPER SHOWING MEASURES AND IMPACT ON U.S. TRADE. Y. T. WONG ALSO ALLUDED TO POSSIBILITY ROC THINKING OF DOING SOMETHING ON TAX

CONCESSIONS (ANY EMBASSY COMMENTS ON THIS POINT WOULD BE USEFUL.) ROC DEL RECOGNIZED GENEROSITY OF U.S. TARIFF REDUCTION OFFER, STATING ROC TRADE LIBERALIZATION WOULD BE DESIGNED TO PROMOTE MAINTENANCE OF U.S. OFFER. HE CITED ROC ABILITY TO CHANGE TARIFFS ADMINISTRATIVELY BY A MAXIMUM OF 50 PERCENT. IF GREATER CHANGES WERE MADE, THE LEGISLATIVE YUAN WOULD HAVE TO APPROVE. THIS PROCEDURE WOULD TAKE MUCH MORE TIME BECAUSE OF RESISTANCE TO CHANGE FROM PRIVATE SECTOR. U.S. DEL ESTABLISHED THAT TARIFFS IN JULY, 1977 EDITION OF TARIFF SCHEDULE AS AMENDED THROUGH JANUARY 16, 1978, WERE BASE FROM WHICH A 50 PERCENT REDUCTION COULD BE CALCULATED, WITH EXCEPTIONS NOTED IN BOOK WHERE 50 PERCENT REDUCTIONS ALREADY HAD BEEN MADE.

3. ASSISTANT STR STEPHEN LANDE, HEAD OF U.S. DELEGATION
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 135373

NOTED IMPORTANCE OF TALKS AS ESTABLISHING BASIS FOR FLOURISHING LONG-TERM TRADE RELATIONSHIP BETWEEN U.S. AND ROC. HE NOTED THAT A TRADE AGREEMENT WOULD BE ADVANTAGEOUS TO ROC IN THAT IT WOULD GIVE THE ROC SOME RIGHTS WITH RESPECT TO U.S. ACTIONS ON TARIFF CHANGES ON ALL PRODUCTS INCLUDED IN THE AGREEMENT. THESE WOULD BE RIGHTS THAT THE ROC DID NOT NOW HAVE. CONCESSIONS MADE BY BOTH SIDES WOULD BE BOUND IN A BILATERAL AGREEMENT BY BOTH PARTIES. U.S. DEL ALSO CITED NEED FOR SIGNIFICANT CONTRIBUTIONS FROM THE ROC IN ORDER TO MAINTAIN U.S. OFFER ON ITEMS OF INTEREST TO THE ROC.

4. THE U.S. OUTLINED ITS OBJECTIVES TOWARD THE ROC, CITING INTERESTS IN THE AREAS OF CUSTOMS VALUATION (ELIMINATION OF 20 PERCENT UPLIFT AND APPLICATION OF PRINCIPALS OF CUSTOMS CODE NOW BEING NEGOTIATED IN MTN) LICENSING, AND TARIFFS AND GAVE THE ROC AN INITIAL LIST OF SPECIFIC PRODUCTS ON WHICH THE U.S. IS SEEKING BOUND TARIFF REDUCTIONS AND GUARANTEES THAT MARKET ACCESS WILL NOT BE IMPEDED BY NTMS. U.S. DEL ALSO INQUIRED ABOUT GROC PROCUREMENT PRACTICES WHERE BIDS ARE NOT SOLICITED FROM FOREIGN SUPPLIERS. THE U.S. DEL INDICATED THAT AFTER

CONSULTATION WITH OUR PRIVATE SECTOR ADVISORS, WE MIGHT BE BACK WITH MODIFICATIONS OF OUR REQUESTS. IT WAS ALSO NOTED THAT U.S. LIST OF AGRICULTURAL ITEMS IS NOT YET COMPLETE, AND USDA IS CONSIDERING ADDITIONAL REQUESTS. ONE POSSIBLE AREA THAT WE MIGHT WISH TO RETURN TO IS THAT OF INSURANCE. A LETTER FROM ONE OF OUR ADVISORS WAS CITED. (COPY OF LETTER BEING POUCHED TO E/C COUNSELOR KYLE. EMBASSY COMMENTS WOULD BE APPRECIATED) THE U.S. DEL STATED THAT THE U.S. EXPECTED THE ROC TO CONTRIBUTE SUBSTANTIALLY AS ONE OF THE MOST ADVANCED LDCS, AND THAT THE PROSPECTIVE TRADE AGREEMENT WOULD INVOLVE OBLIGATIONS AND SECURITY CLOSELY PARALLELING THAT OF THE GATT.

5. TUESDAY MORNING SESSION WAS DEVOTED TO TECHNICAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 135373

MEETING AND EXPLANATION OF DETAILS AND TECHNICALITIES OF U.S. OFFER AND REQUESTS FOR TARIFF CUTS.

6. WONG APOLOGIZED FOR INABILITY OF ROC SIDE TO PRESENT OFFER OR REQUEST LISTS OR TO REACT AT THIS TIME TO LISTS RECEIVED FROM U.S. SIDE. WONG ESTIMATED ROC WOULD NEED

ABOUT SIX WEEKS TO FORMULATE RESPONSES TO U.S. PROPOSALS. HE SAID THEIR WORK MIGHT BE COMPLETED SOONER, BUT IMPENDING CABINET RESHUFFLE PROBABLY WOULD DELAY DECISIONS SOMEWHAT. HE PROMISED, IF AT ALL POSSIBLE, TO TRANSMIT PRELIMINARY INDICATIONS OF THEIR POSITIONS TO U.S. SIDE PRIOR TO SECOND ROUND OF TALKS. LANDE INDICATED U.S. NEED FOR QUICK ROC RESPONSE TO U.S. REQUESTS EVEN IF IT IS BY TELEGRAM AND PRELIMINARY. U.S. WAS ABOUT TO ENTER CONSIDERATION OF WIT;DRAWALS EXERCISE IN NEXT 3-4 WEEKS, AND IF ROC COULD PROVIDE ANY INFORMATION AS SPECIFIC AS POSSIBLE REGARDING THEIR INTENTIONS, IT WOULD BE HELPFUL IN THE INTERAGENCY CONSIDERATION.

7. EXACT TIMING AND LOCATION FOR RESUMING BILATERAL NEGOTIATIONS WERE LEFT OPEN PENDING GROC PROPOSAL. LANDE SAID WEEK OF JULY 3 PROBABLY WOULD BE AGREEABLE TO U.S. BUT DECISION WOULD AWAIT ROC SUGGESTION. WONG AGREED THAT IF ROC COULD GIVE ANY EARLIER INDICATIONS EVEN IF BY TELEGRAM, IT WOULD DO SO.

8. EMBASSY'S HELPFUL BACKGROUND REPORTING FOR BILATERAL TALKS HAS BEEN MUCH APPRECIATED. COPIES OF MATERIAL PASSED TO ROC SIDE, TRADE POLICY STAFF COMMITTEE PAPER, U.S. TARIFF REQUEST LIST, AND OTHER PERTINENT PAPERS USED DURING TALKS SENT TO KYLE IN CLASSIFIED POUCH LEAVING DEPARTMENT ON MAY 24. IT WOULD BE HELPFUL IF ANY FUTURE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 135373

REPORTING COULD BE SLUGGED FOR INFO GENEVA FOR MTN.
VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE135373
Document Source: CORE
Document Unique ID: 00
Drafter: WALUNDY/DOC/OITP:BASTEINBOCK:SJP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780224-0924
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780512/aaaaajyg.tel
Line Count: 177
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4f843895-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2542828
Secure: OPEN
Status: NATIVE
Subject: US/ROC TRADE NEGOTIATIONS: FIRST ROUND
TAGS: ETRD, TW, KS, US, MTN
To: TAIPEI
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4f843895-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014